

MTAC Focus Group Session Notes

Wednesday, January 13, 2016

PRODUCT INNOVATION

Gary Reblin, USPS VP-New Products and Innovation

Steve Colella, MTAC Industry Leader, Product Innovation/Emerging Technology

Session 1: PERIODICALS

(Randy Stumbo, MTAC Industry Leader)

Gary Reblin welcomed all and especially Randy Stumbo as the new MTAC Class Leader for Periodicals. Gary reviewed the agenda for today.

Pulse of the Industry – provided by Randy Stumbo:

Industry trends – ecommerce challenge for publishers promoting gift sites. Digital growth continues. Meredith continues to discuss a merger with General Media which will be decided in the next few months. This has to do with gaining scale on the broadcast side vs. the print operation. Peter Moore said there is a trend to outsource the circulation function. David Steinhart confirmed that he has observed this too as reported by his IDEAlliance members. He said the print service side will be experiencing a lot of churn in the near future. Publishers are looking more and more to what consumers are wanting and making changes to reflect this. The number of magazines starting each year is flat at around 240 and this is not a good sign. David said newsstand sales are probably going to implode with a major distributor possibly going out of business soon and this will have a major negative impact on magazines as this is where magazines get a lot of their new subscribers. David said the combining of print and digital is going to continue to lead to new opportunities and Gary Reblin agreed as this is consistent with so much of what the USPS is now doing too. David said Amazon is now doing a lot of advertising in audio books. Gary observed the consumer is finding it more convenient to seek content via their mobile devices especially phones. Peter Moore observed that older people are still reading content on ipads but David Steinhart said he feels that the real growth will be in cell phones vs. ipads. Gary said wearables will be a growth sector as well.

Periodicals Volume: 2015 volume down but not as down as previous years

Updated: __1/19/16__

2015 Promotion Update:

Earned Value

BRM: 37.1M \$859.9k

CRM: 451.5M \$ 10.4M

488.5M pieces; \$11.3M in credits

462 customers enrolled

Counted 2% fewer reply pieces than in 2014

Any remaining credits expired December 31, 2015

Going forward:

- Started January 1 with counting of reply mail pieces for MIDs that participated in the 2015 promotion to get annual count. This will serve as baseline in the proposed 2017 Earned Value promotion. This will be used only for companies that have participated in the past then USPS can use if the program changes to use different time frame or allow mailer to choose time frame.
- Approximately \$1 million in Earned Value credits are still remaining from the 2013 promotion. Will be reaching out to these customers.

Color Transpromo

Over 1.1B mailpiece; Over \$433M in revenue

Over \$8.8 M in discounts

Emerging and Advanced Technologies

4B and \$859M in revenue

Over 17.5M in discounts

Mail Drives Mobile

5.6B mailpieces \$1.4B in revenue

28.8M in discounts

2016 Promotions Update:

- Earned Value
 - 2 cents per BRM and CRM pieces counted for first time participants or those who did not meet their thresholds
 - 3 cents per BRM and CRM pieces counted if the total number of CRM and BRM pieces meet or exceed their thresholds
- Personalized Color Transpromo

Updated: __1/19/16__

- Key change is personalization. Definition is that it is information that the recipient would deem personal or relevant in nature. This is requirement.
- Emerging and Advanced Technology/Video in Print
 - Eligible mailpiece can incorporate NFC and Enhanced Augmented Reality experience, new in 2016 to include:
 - Video in Print,
 - iBeacon/Beacon Technology, and A/B testing option
 - A/B testing option requires that at least 90% of the mail volume (design A) within a specific mailing meet all the published *2016 Emerging and Advanced Technology/Video in Print* promotion requirements. Design 'B' allows up to 10% of the mailing to be entered with an alternate creative design or not treatment at all. 'Design B' does not need to meet the incentive requirements.

Rose Flanagan said there is some confusion regarding definition of 'job' between industry and USPS. Coakley Workman says intent is for the 10% to be in the trail of the original mailing. Industry says the entire mail.dat file meets the 90/10 but mailing statements (dropped daily) may not meet the requirement. Same with commingled mailings. 90/10 is based on volume and not weight-however for pieces mailing by weight may have different weights, Gary indicated postage is calculated normally and 2 % applied against total postage.

Action Idea: Coakley Workman to discuss with engineering for clarification to ensure discounts will be calculated on total mail.dat file submitted and not the daily postage statement submitted which when completed will total the mail.dat file. Next UG8 meeting January 26-will update at that time.

Program Requirements available at:

https://ribbs.usps.gov/maillingpromotions.documents/tech_guides/201EmergingandAdvancedTechnology

- Tactile, Sensory & Interactive Mailpiece Engagement
 - Discussion about preapproval USPS is looking to allow the mailers to send in the stock for approval. There was also discussion about a piece that is within the package. The USPS position is piece has to be integral part of the package.
 - Conductive inks: become part of a circuit and activate a device
 - Luco Dyes: change color with variations in temperature
 - Hydrochromics: change color upon contact with liquid
 - Photochromics: change color with UV light exposure
 - Textural: Paper surfaces may be coated, laminated, or made of unique materials (i.e. "tuf" paper with scent (e.g. catnip, fresh bread))

Updated: __1/19/16__

- Scented
 - Sound
 - Visual
- Mobile Shopping
 - 'Buy Now' features available on social media have been added as an additional eligible shopping purchase path.

Any questions should now be directed to separate mailboxes:

Emerging and Advanced Technology/Mobile Shopping: Mailingpromotions@usps.gov

Earned Value: Earnedvalue@usps.gov

Personalized Color Transpromo: FCMColorPromotion@usps.gov

Tactile, Sensory & Interactive: tactilesensorypromo@usps.gov

Informed Delivery Pilot:

Northern VA-about 10,000 participants:

Surveys say:

90% say check and view once a day or more and satisfy

90% say likely to continue and recommend

- 2/3 of users claim their mail habits have changed because they “now know in advance and can take action when important mail is arriving.”
- Almost half “pay more attention to the mail that is important” to them.

Over time satisfaction with Informed Delivery improves:

Key Metrics	2014	2015	Variance
Found very effective/effective	82%	86%	+4%
Overall satisfaction very satisfied/satisfied	85%	82%	+7%
Very likely/likely to continue	91%	95%	+4%
Likely to recommend	80%	84%	+4%

It will cost \$20-30MM to roll program out nationally. Most of the cost is software and hardware upgrades on the machines. Once up the recurring cost is less as only thing needed is servers to maintain. Want to start bringing on flats selectively in February and open it up in March.

(Discussed in Periodicals as result of question that was asked regarding cost)

Updated: __1/19/16__

Question asked - is there a way for recipient to respond that mail was not received? Gary explained image is taken as piece is going into tray. Enhancement asked for is for recipient to see what is being held (for people who have hold orders) and show pieces that have been forwarded for those who have COA on file.

New York-10,900 participants after only a few months

82% Read Rate

Next Steps:

- Direct Mail 100K to additional ZIP Codes-January 31
- Add mailers
 - <100K users
- Integrate into My USPS

Average time read is 3-4 minutes. USPS also tracking average time to read by day-Saturday highest time spent reading and Tuesday had shortest time spent reading.

Overview 2016 New Technology:

NEW IRRESISTIBLE Mail Catalog and Contest:

USPS is preparing a new IRRESISTIBLE catalog for distribution at NPF Nashville.

USPS also is doing an IRRESISTIBLE award contest for mail pieces involved in program. USPS will select 5 finalists and industry attendees at 2016 National Postal Forum will be voting on winner. There will be 3 separate award categories (one to mail owner, one to MSP involved with producing the piece, one to ad agency or entity that created the piece). USPS is considering doing a monthly award and those winners would be candidates for the final award.

If anyone is interested in having their mail piece considered for this year's award they can submit their mail piece for consideration (flyer handed out explaining how contest entries can be submitted - note back of form requests signature of permission and release agreement).

Send Entries:

USPS

Irresistible Mail Award

PO Box 44091

Washington DC 20026-4091

PDF of flyer that explains how entries can be submitted and includes Permission Agreement has been posted on RIBBS.

Updated: __1/19/16__

If you have any questions, please contact Ray Van Iterson, Manager of Innovation at (202) 268-8155 or raymond.c.vaniterson@usps.gov

Action Item: Promotion group will create pdf of flyer to post on RIBBS, will send out via Industry Alert and PCC eBlast, and will provide to User Group 8 for industry to use to further promote the contest.

Four Periodicals Promotion Ideas Reviewed by John Whittington for 2017 consideration:

- Emerging and Advanced Technology in Periodicals
- Sending out free copies-beyond the present annual limit of 10% limit on periodicals mailed as separate mail piece
- Allow discount to periodical mail owners on their standard direct mail pieces that are promoting new subscriptions
- Ride Along Rules Change

Action item: Set up Webinar to discuss four promotion proposals submitted by Periodicals. Vicki Stephen will set up meeting with PAG and hold webinar this month.

Pricing:

Steve Monteith reported he has about 10 new ideas on pricing-

Action item: Steve Monteith to set up webinar for 2 – 3 weeks from now to further discuss these ideas.

ACTION ITEMS

- Set up webinar to discuss four proposed promotions submitted by Periodicals (contact is Vicki Stephen)
- Pricing to set up a call within the next 2 – 3 weeks to discuss Periodicals pricing (Steve Monteith to initiate)

**Session 2: STANDARD MAIL
Leader)**

(Rose Flanagan, MTAC Industry

Pulse Report - Rose Flanagan-outlined items from her pulse report to MTAC Leadership.

A/B Testing concerns

Updated: __1/19/16__

Rules on advance submission

6 x9 postcards

Shared mail - any progress on relaxed requirements?

Volumes:

USPS has experienced a stabilization of Standard Mail volume.

2015 Promotion Review-see notes in Periodicals section.

2016 Promotion Review-see notes in Periodicals section.

Question regarding advance approval of mailpieces to meet eligibility for promotion was - if piece approved last year does it require new approval this year? Answer per Coakley Workman is yes.

Informed Visibility Review: See notes in Periodicals section.

New IRRESISTIBLE Mail Catalog and Contest: See notes in Periodicals section.

Pricing: Steve Monteith

Process has USPS finalizing list of ideas for 2017, and then have deeper discussions regarding the ideas. Plan is to have plans finalized in April 2016 and have approval by summer 2016.

Standard Class: Items for discussions:

FSS cost have been gathered

Looking at 6 x 9 issue - it was suggested perhaps this could run as promotion first.

ACTION ITEMS

- Measuring A/B Testing: Webinar – does mail.dat file include 10% (as a requirement) or can USPS technical teams devise alternative requirements? The central issue: multiple mailing statements where 90% / 10% can be split among them (contact is Coakley Workman)
- Post pdf of IRRESISTIBLE MAIL flyer on RIBBS; also distribute flyer to MTAC User Group # 8 and send out via Industry Alert and PCC eBlast

Session 3: PACKAGE SERVICES

(John Medeiros, MTAC Industry Leader)

Gary Reblin welcomed all. He announced that at the National Postal Forum there is a larger than normal track for packages. Karen Key said there would be 24 workshops in the Packages Track. There will also be a new IRRESISTIBLE Catalog and an IRRESISTIBLE MAIL contest to let folks vote for the best mailpieces in three categories: mail owner, mail service provider and ad agency. The Flyer for contest entries will be sent to industry and will be made available on RIBBS. See notes in Periodicals section for more information on this as it was discussed in detail there.

2017 Initiatives (Current-PS Form 3849)

'Sorry we missed you'-left by carrier for package they were unable to leave. Form is used to capture signature. Redesigning form which will include barcode and adhesive so can stick on door or other place it cannot presently be left.

Shipping Products and Services-2017 Price Change Proposals:

Steve Monteith said we are looking at a number of ideas which we would like to have winnowed down to the ones we want to go with by April 2016. Karen Key then went over the following proposed 2017 initiatives for consideration and asked for Industry feedback:

- Shipping Products (3)
 - Eliminate bulk return services
 - Eliminate marketing parcel simple samples (only 900 pieces last year) - Marketing parcels will remain
 - Introduce one permit for outbound service or return-only for Package Services - called "Shipping Permit" (only one permit instead of having one for out and one for returns)
- Returns (2)
 - For items shipped parcel select ground USPS will charge fee for returns due to UAA, refused or return to sender.
 - Business Reply Return-eliminate permit fee
- Extra Services (9)
 - Eliminate the retail version of the labels-Retail System Software replaces PAW sites
 - Implement return receipt
 - COM retail not bulk
 - COD hold for pick up-want to make hold for pick up only and not allow carrier to bring and collect on COD packages
 - Redesign Registered Mail
 - Claims automating system want to be able to do bulk claims

Updated: __1/19/16__

- Automate Refund request
 - Create COM tool to create IMpb-need to secure funding
- Value added products (2)
 - Introduce e-signature on file for certain products so packages can be left based on e-signatures-sign up through MyUSPS.com
 - Also want to introduce redirect service also through MyUSPS.com
- Pick up services (6)
 - Package pick up-when shipper creates labels and send files they can make request for pick up.
 - Collection boxes-will have QR code and find closest location that still has pick up
 - QR code for package pick up
 - PS 3849 to add QR code
 - Option at retail for paperless receipt
 - Include in informed visibility the ability to tell consumer that the package is in the PO Box.
- Expedited packaging Supplies 3
- Other (4)

It was confirmed the vast majority of the above listed items are for next year.

ACTION ITEMS

- Product Development to attend Feb 18, 2016 Parcel Shippers Association meeting to further the discussion of proposed 2017 pricing for Return to Sender / Undeliverable as Addressed (contact is Karen Key)

Session 4: FIRST-CLASS MAIL

(Mike Tate, MTAC Industry Leader)

Gary Reblin welcomed all and provided a topline of the agenda. Mike Tate said the First-Class Mail folks have been thinking of new promotion ideas and Vicki Stephen confirmed the next UG # 8 meeting will be on January 26 at which time we need to agree on the ideas which will be submitted for new promotion ideas which First-Class Mailers want for 2017.

Gary reviewed results of the 2015 promotions which were very successful. He added that Share mail will be added to the Earned Value promotion for 2016.

Volume:

Updated: __1/19/16__

Single piece greater decline than presort volumes.

2016 promotion review-see previous notes in Periodicals section

Informed Delivery-see previous notes in Periodicals section

IRRESISTIBLE MAIL new catalog and new awards contest - see previous notes in Periodicals section

Action Item: USPS should hash tag the IRRESISTIBLE award submissions so that information can be shared.

Pricing Simplification: Steve Monteith

Developing list of ideas and over next two months will sort through to come up with workable ideas to present to management. The hope is that the list would be completed by or shortly after the March NPF.

Action item: Send the 2017 pricing idea proposals to all industry participants of the MTAC Product Innovation Focus Group within 2 - 3 weeks for Feedback. Steve Monteith is contact.

First-Class Mail Pricing – Steve Monteith

Some Ideas Discussed:

Establish one price for ADC and SCF

Looking at First-Class Mail Drop Ship- as set price for NSA

Looking at 3 ounce free or just one price for letters up to 3 ounces-on both presort and single piece side

Looking to allow tactile and sensory promotion

Look at piece counts in trays-look for ways to make mail more effective, also to look to simplify single piece rules.

ACTION ITEMS

- Create a # IRRESISTIBLE Mail hashtag as an alternative channel for the NPF judges and general public to view IRRESISTIBLE Mailpieces (contact is Gary Reblin)
- Send the 2017 pricing idea proposals to all participants of the MTAC Product Innovation Focus Group within the next 2 – 3 weeks for feedback (contact is Steve Monteith)